

**Application of Pennsylvania-American Water Company for Acquisition of  
the Wastewater Assets of Valley Township  
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7. State the total fees paid to the utility valuation experts for providing the completed appraisals for the acquisition and provide documentation, i.e., the valuation service agreement and all associated invoices, supporting the subject fee amount

**AMENDED RESPONSE:**

Please see attached **Amended Appendix A-7.2** which includes a statement quantifying the total fees paid to Gannett Fleming for their services for their appraisal

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12. Provide a proposed tariff containing a rate equal to the existing rates of the seller at the time of the acquisition and a rate stabilization plan, if applicable to the acquisition.

**AMENDED RESPONSE:**

See enclosed *pro forma* Tariff Supplement No. XX to Tariff Wastewater PA P.U.C. No. 16 of PAWC, Wastewater Division, containing an initial base rate equal to the existing rates of Valley at the time of the acquisition. This attachment is marked as **Amended Appendix A-12**.

The APA does not contain any rate commitments, other than the adoption of Valley's existing rates as set forth in Section 7.03 and on **Schedule 7.03(a)** of the APA, attached at **CONFIDENTIAL Appendix A-24-a** and therefore does not technically fall within the definition of a "rate stabilization plan" as defined by 66 Pa. C.S. § 1329. See Direct Testimony of Rod P. Nevirauaskis, PAWC St. No. 3WW, p. 17, enclosed at **Appendix A-14-a**.

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14. Buyer Testimony:
- a. Provide buyer direct testimony supporting the application.
  - b. Provide buyer UVE direct testimony.

**AMENDED RESPONSE:**

- a. See enclosed the direct testimonies of PAWC witnesses as follows:
  - i. Direct Testimony of Keith E. Gabage, Senior Manager of Business Development, Pennsylvania-American Water Company, **Amended PAWC Statement No. 1 WW.**
  - ii. Direct Testimony of Michael J. Guntrum, Senior Project Engineer, Pennsylvania-American Water Company, **PAWC Statement No. 2WW.**
  - iii. Direct Testimony of Rod P. Nevirauskis, Senior Director of Rates and Regulations for the Mid-Atlantic Division, American Water Works Service Company, on behalf of Pennsylvania-American Water Company, **PAWC Statement No. 3WW.**
- b. See enclosed Direct Testimony of Jerome C. Weinert, Principal and Director for AUS Consultants, Inc. on behalf of Pennsylvania-American Water Company Utility, **PAWC Statement No. 4WW.**

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15. Plant in Service.
- a. Provide an inventory of the used and useful plant assets to be transferred. Identify separately any utility plant that is held for future use.<sup>1</sup>

**RESPONSE:**

- a. See the Engineer’s Assessment attached as **Appendix A-15-a** that identifies assets to be transferred as required by 66 Pa. C.S. § 1329(a)(4). For clarification purposes, the Engineer’s Assessment does not include any assets that would be classified as “non-used or useful” or “held for future use”.

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<sup>1</sup> The inventory is to be developed from available records, maps, work orders, debt issue closing documents funding construction projects, and other sources to ensure an accurate listing of utility plant by utility account.

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15. Plant in Service.
- d. State the elevations of major facilities and service areas.

**AMENDED RESPONSE:**

- d. See map attached at **Amended Appendix A-16-f (CONFIDENTIAL)**. See also Direct Testimony of Michael J. Guntrum, PAWC Statement No. 2WW at p. 5 attached as **Appendix A-14-a**.

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16. Map of Service Area. Provide a scalable map or plan of suitable scale highlighting the boundaries of the proposed service area that includes:
- a. The extent of the proposed service area with any existing adjoining service areas identified.
  - b. A north arrow depicting map orientation.
  - c. A written description of the boundaries for the service territory utilizing bearing angles and distances.
  - d. Size of the service territory area in terms of acres or square miles.
  - e. Identification and depiction of all municipal boundaries relative to the service area.
  - f. Depiction of the location or route of the waterworks or wastewater collection, treatment or disposal facilities.

**AMENDED RESPONSE:**

For subparts a. through e., see enclosed maps and descriptions attached as **Appendix A-16-a through Appendix A-16-e.**

**Amended Appendix A-16-f** is a map that has been marked **CONFIDENTIAL.**

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18. Rates.
- b. Provide a copy of the seller's current rules and regulations for service.

**AMENDED RESPONSE:**

- a. See attached Valley's current rules and regulations governing the provision of wastewater service titled Valley Township Sanitary Sewer Use Rules and Regulations and also Chapter 18 - Sewers and Sewage Disposal – Rates and Regulations of the Valley Township Authority marked as **Amended Attachment A-18-b**

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19. Cost of Service.
- a. Provide a copy of the seller's two most recent audited financial statements.

**AMENDED RESPONSE:**

- a. See attached the 2018 and 2019 Department of Community & Economic Development Municipal Annual Audit and Financial Reports. Both financial statements are attached as **Amended Appendix A-19-a**.



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20. Proof of Compliance. Provide proof of compliance with applicable design, construction and operation standards of DEP or of the county health department, or both, including:
- b. For **wastewater** system acquisitions, provide copies of the water quality management and National Pollution Discharge Elimination System (NPDES) permits for the utility plant.

**AMENDED RESPONSE:**

- b. Attached are copies of permits provided by Valley as **Amended Appendix A-20-b**. Additional wastewater permits may be identified going forward. Copies of any additional wastewater permits located will be provided.

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22. Other requirements. Demonstrate compliance with the following:
- a. For **wastewater** system acquisitions, demonstrate compliance with the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities (including the extent of the requested service territory).

**AMENDED RESPONSE:**

- a. See enclosed letter from Valley. PAWC is contacting West Caln and Sadsbury Townships to request more specific letters, which will be submitted upon receipt. The Act 537 Plan is enclosed at **Amended Appendix A-22-b**.

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22. Other requirements. Demonstrate compliance with the following:
- b. For **wastewater** system acquisitions, provide a copy of the DEP-approved Act 537 Official Sewage Facilities Plans for the affected municipalities.

**AMENDED RESPONSE:**

- b. See enclosed a copy of the DEP-approved Act 537 Official Sewage Facilities Plans for Valley attached as **Amended Appendix A-22-b**. This plan encompasses as affected municipalities which are described in the Approval Letter from DEP located at the beginning of **Amended Appendix A-22-b**.

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22. Other requirements. Demonstrate compliance with the following:
- e. Provide evidence the filing is consistent with the affected municipality and county comprehensive plans if the filing proposes to expand service beyond the existing plant footprint.

**AMENDED RESPONSE:**

- e. See enclosed **Amended Appendix A-22-e** for request for evidence that PAWC's filing is consistent with the municipalities' and county's comprehensive plans and zoning for Valley Township, Caln Township, East Fallowfield Township, Sadsbury Township, West Caln Township, and Chester County Planning Commission. Responses from Upper Providence and Montgomery County will be provided upon receipt. Additionally, the current comprehensive plans can be located at the following website links:

Valley Township:

<http://www.valleytownship.org/Documents/Misc/2020%20Valley%20CP%20FINAL.pdf>

Sadsbury Township:

See attached Appendix A-22-e.1.

West Caln Township:

<http://www.westcaln.org/files/55739990.pdf>

Chester County:

<https://chescoplanning.org/landscapes3/pdf/Landscapes3.pdf>

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25. Provide a copy of all municipal and affiliate contracts to be assumed by buyer as part of the acquisition and a list and annual dollar value of other contracts.

**AMENDED RESPONSE:**

See attached the municipal, affiliate and other contracts to be assumed by PAWC as part of the acquisition attached as **Appendix A-25-a**. Please see below a listing and dollar value of other contracts. Other contracts are attached as **Appendix A-25-b**.

**Municipal and Affiliate Contracts<sup>2</sup>**

| <b>Name of Contract</b>                       | <b>Parties to Contract</b>   | <b>Date of Contract</b> | <b>Subject</b>   |
|---|--|-------------------------|--|
| Sewage Conveyance Agreement                   | City of Coatesville and Valley Township                                    | January 7, 1992         | Conveyance of Sanity Sewer                                 |
| Addendum to Sewage Conveyance Agreement       | City of Coatesville and Valley Township                                    | July 18, 1995           | Amends January 7, 1992 Agreement                           |
| Sewage Treatment Agreement                    | City of Coatesville and Valley Township                                    | January 7, 1992         | Treatment of Sewer Flows                                   |
| Addendum to Sewage Treatment Agreement        | City of Coatesville and Valley Township                                    | September 16, 1997      | Amends January 7, 1992                                     |
| Second Addendum to Sewage Treatment Agreement | Pennsylvania-American Water Company and Valley Township                    | December 14, 2004       | Amends Sewage Treatment Agreement and Expands Capacity     |
| Sewage Conveyance Agreement                   | Pennsylvania-American Water Company and Valley Township                    | March 3, 2012           | Conveyance of Sanity Sewer                                 |
| Sewer Main Extension Agreement                | Pennsylvania-American Water Company, DHLP-Oakcrest, LP and Valley Township | March 7, 2006           | Sewer Service Supply Contract                              |
| Sewer Conveyance Agreement                    | Pennsylvania-American Water Company and Valley Township                    | January 5, 2009         | Conveyance of Sanity Sewer                                 |
| Agreement                                     | Valley Township and Sadsbury Township                                      | November 15, 2001       | Assignment of 2800 West Lincoln Highway as Sewage Customer |

<sup>2</sup> Please note, Municipal and Affiliate contracts that are between City of Coatesville Authority (“CCA”), Pennsylvania-American Water Company (“PAWC”) and Valley Township will be deemed moot after the closing of this acquisition. This is due to PAWC acquiring CCA in 2001 and soon to be acquiring Valley Township.

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|                             |   |      |                      |
|-----------------------------|---|------|----------------------|
| Sewage Conveyance Agreement | City of Coatesville Authority and Valley Township | 1992 | West Caln Connection |
|-----------------------------|---|------|----------------------|

**List of Other Contracts and Annual Dollar Value**

| <b>Name of Contract</b>                                     | <b>Parties to Contract</b>                        | <b>Date of Contract</b> | <b>Subject</b>            | <b>Annual Dollar Value</b> |
|---|---|-------------------------|---------------------------|----------------------------|
| Agreement for Undergrad Sanitary Sewer Forcemain Occupation | Consolidated Rail Corporation and Valley Township | August 25, 1998         | Use of Conrail's Property | \$0                        |

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